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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DONNA COLEMAN GREGG
(202) 429-7260

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December 22, 1993

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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Re: Notification of Permitted Written Ex Parte
Presentation in MM Docket No. 92-266

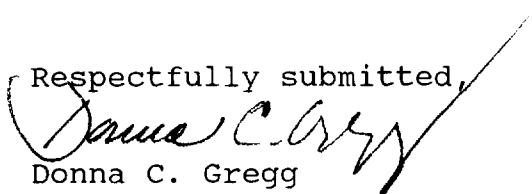
Dear Mr. Caton:

Blade Communications, Inc., Colony Communications, Inc., King Videocable Company, MultiVision Cable TV Corp. and Sammons Communications, Inc. by their attorneys and pursuant to Section 1.1206(a)(1) of the Commission's rules, hereby submits two copies of this memorandum regarding a permitted ex parte presentation to Commission officials regarding MM Docket No. 92-266.

Today at 2:00 Bradley Mefferd of Buckeye Cablevision, Inc., a subsidiary of Blade Communications, Inc., along with Donna C. Gregg and Peter D. Ross of Wiley, Rein & Fielding, met with Lisa Smith of Commissioner Barrett's Office and Edward Hearst, Brett Tarnutzer and Maura Cantrill of the Mass Media Bureau's Cable Services Division. The discussion related to the attached issues which were raised by a letter of November 29, 1993 to Alexandra Wilson, Chief of the Cable Services Division, from the National Cable Television Association, entitled "Practical Problems with Form 393 Instructions and Related FCC Clarification," and which also are pending in Petitions for Reconsideration and the Third Notice in the above-referenced docket.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,


Donna C. Gregg

DCG/ddl
Attachment

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12/22/93

PROPOSED SOLUTIONS TO PRACTICAL PROBLEMS IN IMPLEMENTATION OF CABLE RATE REGULATION

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**BLADE COMMUNICATIONS, INC., COLONY COMMUNICATIONS, INC.,
KING VIDEOCABLE COMPANY, MULTIVISION CABLE TV CORP.,
PARCABLE, INC. AND SAMMONS COMMUNICATIONS, INC.**

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

(Ex Parte - MM Docket No. 92-266)

MINOR CHANGES BETWEEN 9/1/93 AND INITIAL DATE OF REGULATION

Problem: Systems that voluntarily reduced rates to comply with benchmarks by September 1, 1993 or earlier will be forced to readjust rates to maintain constant, precise adherence to benchmark regulation in the face of minor, but frequent changes in such factors as subscriber numbers, equipment depreciation, or inflation that occurred between initial restructuring and the actual onset of local regulation. Thus, insignificant rate changes will produce consumer disruption and compliance costs (administrative, marketing, billing, etc.) far greater than the possible consumer benefits.

Solution: Adopt NCTA proposal to permit operators who voluntarily restructured to treat September 1, 1993 (or earlier for operators who restructured prior to September 1 in a good faith effort to meet the original June 21 effective date) as the test date for compliance and to defer the refreshing of minimally outdated rates until they institute inflation adjustments.

EXTERNAL COSTS

Problem: Cable operators against whom no certification or complaint is made before March 1, 1994 may be effectively precluded from recovering external cost increases imposed prior to that date (but after September 1, 1993), in particular programming cost increases imposed January 1, 1994 or the cost of new programming services added during this interim period.

Solution: Close this regulatory gap by permitting all costs imposed after the September 1, 1993 test date to be passed through as external costs as of the effective date of rate regulation.

MULTI-FRANCHISE SYSTEMS

Problem: Operators serving several franchises from the same headend bear a tremendous administrative burden in calculating, maintaining, and explaining to confused customers the minor variances in benchmark rates for each franchise.

Solution: Permit operators to implement benchmark regulation on a system-wide basis.

Comparison of Old, New Rates Under The Cable Television Consumer Protection and Competition Act of 1992

(Effective Sept. 1, 1993)

<i>Item or Service Category</i>		Old Rate	New Rate
I.	Additional outlet ¹ (AO) with no converter	\$2.50	\$0.00
	<u>Total Monthly Fee: AO, no converter</u>	<u>\$2.50</u>	<u>\$0.00</u>
II.	CATV Basic ² (See notes on adjacent sheet)	\$11.95	\$9.78
	Franchise Fee ³	Included in Above	.29
III.	Home Wiring Maintenance Fee ⁴	Included in Above	\$.31
	<u>Total Monthly Fee: CATV Basic</u>	<u>\$11.95</u>	<u>\$10.38</u>
IV.	CATV Basic	\$11.95	\$9.78
	Satellite Services (not available separately) ⁵	\$9.00	\$10.76
	Franchise Fee ³	Included In Above	\$.62
	Home Wiring Maintenance Fee ⁴	Included in Above	\$.31
	<u>Total Monthly Service Fee: CATV/Satellite Services</u>	<u>\$20.95</u>	<u>\$21.47</u>
V.	Remote Control ⁶	\$3.00	\$.29
	Tocom Converter ⁶	Included in Above	\$2.54
	Ohio Sales Tax ⁷	No Charge	\$.18
	<u>Total Monthly Fee: converter, remote</u>	<u>\$3.00</u>	<u>\$3.01</u>
	Tocom Converter, no remote ⁸	No Charge	\$2.54
	Ohio Sales Tax ⁷	No Charge	\$.16
	<u>Total Monthly Fee: converter, no remote</u>	<u>No Charge</u>	<u>\$2.70</u>
	Remote function only, use own remote	\$3.00	No Charge
	Tocom Converter ⁶	Included in Above	\$2.54
	Ohio Sales Tax ⁷	No Charge	\$.16
	<u>Total Monthly Fee: converter, remote function</u>	<u>\$3.00</u>	<u>\$2.70</u>
VI.	Additional outlet, converter and remote	\$8.95	
	Additional outlet ¹	Included in Above	\$0.00
	Converter ⁶	Included in Above	\$2.54
	Remote ⁶	\$3.00	\$.29
	Ohio Sales Tax ⁷	No Charge	\$.18
	<u>Total Monthly Fee: AO, converter, remote</u>	<u>\$11.95</u>	<u>\$3.01</u>
VII.	Converter ⁶ on additional outlets with premium service	\$8.95	\$2.54
	Each AO converter authorized for any premium service available on primary outlet ⁹	Included in Above	\$4.95
	Additional Outlet ¹	Included in Above	\$0.00
	Franchise Fee ³	Included in Above	\$.15
	Ohio Sales Tax ⁷	No Charge	\$.16
	<u>Total Monthly Fee: AO with premium service</u>	<u>\$8.95</u>	<u>\$7.80</u>

	<u>Installation</u>	<u>Monthly</u>
Standard Service		
Outside Connection	\$17.85	\$20.54
Inside Wiring—each outlet	17.85	20.54
-CATV Basic		
Outside Connection	30.85	9.78
Inside Wiring—each outlet	17.85	9.78
-Satellite Channels	*	10.76
Home Wiring Maintenance	0	0.31
Standard Service-Apartment Installation	11.90	20.54
Reconnect-non-pay disconnect	27.85	20.54
Non-payment Collection Fee	15.00	
Equipment Rental: (State sales tax will be added)		
Tocom Converter		2.54
CableSystem Controller Remote		0.29
Additional Outlet—separate trip (Additional Outlet might require amplifiers.)	26.75	0
Outlet Relocation—at time of install	17.85	
Outlet Relocation—separate trip	26.75	
VCR Kit Hook-up	17.85	0
Prewire Charge—1st outlet	35.65	
—each additional outlet	17.85	
Wall Fish	17.85	
Picture in Picture—at time of install	17.85	
Picture in Picture—separate trip	26.75	
Extension Cable—picked up in lobby	11.85	
Extension Cable—delivered	20.00	
Exact Time Install	15.00	
Miscellaneous trip to home	17.85	
Inside Wiring Repair Call—with maintenance agreement	0	
—without maintenance agreement	25.00	
Bury Drop—customer option	35.65	
Returned Check Fee	10.00	
*not available separately		
<u>Impulse Entertainment</u> (Monthly Guide Included)		
Impulse Installation	25.00	0
Impulse Movie	3.95	
Impulse 800 Movie	4.95	
<u>Premium Service Rates</u> (Monthly Guide Included)		
Upgrade	5.00	
Switch Services	5.00	
Monthly Charges		
—Showtime, PASS, Disney Channel		8.95 ea.
—Movie Channel		9.95
—HBO		12.95
—Premium Service Pass through on each additional converter		4.95
<u>Packaging Prices for Additional Savings</u>		
ValueVision—Standard Service, Converter and Remote Rental, Showtime, Movie Channel, Disney Channel		40.32
ValueVisionII—PASS not Disney Channel		40.32
ValueVision Plus—with both PASS & Disney Channel		44.32
2 Premium Services		14.95
3 Premium Services		20.95
HBO not available in packages		

A payment of installation charges plus the first month of service and picture ID is required for all new subscribers of The CableSystem at the time of install.

50% discount on installation charges for Golden Buckeye card holders.

A franchise Fee is charged for CATV Basic, Satellite Channels, and Premium Services.

Prices apply only to normal installations within 150' of existing cable plant. Other conditions might require additional charges.



Customer Service 866-9800
24 hours, 7 days/week

DeVeaux and Navarre Branches
1 pm - 7 pm, 7 days/week



The CableSystem®
866-9800

August, 1993

Dear Customer,

We at The CableSystem have pledged to keep our subscribers fully informed about developments related to implementation of the Cable Television Consumer Protection and Competition Act of 1992 and to communicate at the earliest time any necessary changes resulting from FCC implementation of the new law. The purpose of this letter is to tell you about complex changes in your bill.

Some bills will go up while others go down, but overall, under the new FCC regulations, our average customer bill will decrease. Customers with additional outlets will see the greatest savings.

The FCC rate regulations are scheduled to go into effect on Sept. 1, and on that date the following monthly rate changes will be implemented:

- I. Additional outlets will go from \$2.50 to no charge!
- II. CATV Basic will drop from \$11.95 to \$9.78.
- III. A separate home-wiring maintenance fee of 31 cents per home, which had been a part of the service fee, now will be charged separately.
- IV. Satellite Services will increase from \$9 to \$10.76.
- V. The remote control service charge of \$3 will be changed to a remote rental charge of 29 cents and a converter rental charge of \$2.54 plus tax.
- VI. The charge for an additional converter will drop from \$8.95 to \$2.54 plus tax.
- VII. There will be a new charge of \$4.95 each for duplication of premium service(s) on the second and subsequent converters. Premium service prices will be unaffected.

For complete explanations of each of these and other price changes, please read the accompanying explanation sheets. Each of these changes is numbered the same on the yellow sheet. If you still have questions, please call our customer relations representatives at **866-9800**. We answer our phones 24 hours a day. Please be understanding at this time, as a heavy volume of telephone calls about this confusing issue might result in temporary delays in telephone response.

What is our feeling at The CableSystem about the price changes? Obviously, we don't like them because they create confusion among all our customers -- and they will reduce our total revenue. Furthermore, the legislation essentially limits future rate increases to the Gross National Product-Price Index, leaving nothing for investment in new technology or expansion.

We feel our rates over the years have been fair. Every other major city in the state has had higher rates. We have always tried to practice restraint and set reasonable rates. We are making our very best effort to comply with the law and to make its impact on you as minimal as possible, while offering you all the advantages due you under the regulations.

Sincerely,

Allan Block
Chairman of the Board
541 Superior Street
Toledo, Ohio 43660
Business: 245-6035
Home: 242-6739

David G. Huey
President and General Manager
5566 Southwyck Boulevard
Toledo, Ohio 43614
Business: 866-5802
Home: 885-2773

The Cable Television Consumer Protection and Competition Act of 1992 requires us to notify customers of changes in channel line-up at least 30 days before they occur. Another portion of that law, the retransmission-consent section, stipulates that we must have written permission from the local broadcast television stations to continue carrying them after Oct. 6.

We have written agreements with the four Toledo stations (WTOL Ch 11, WTVG Ch. 13, WNWO Ch. 24, and WUPW Ch. 36) to extend that deadline to Dec. 31, 1993, so those will remain on at least through 1993. We are negotiating with the four Detroit stations (WJBK Ch. 2, WDIV Ch. 4, WXYZ Ch. 7, and WKBD Ch. 50), but have no agreements, so any one or all might withhold permission for us to carry them after Oct. 6.

If so, under the law we have no recourse but to take off the system any who refuse to permit us to carry them. We continue to negotiate with them, and hope they will not withhold permission, just as we hope the Toledo stations do not withhold permission in December, but in order to comply with the new law, we must send you this notification.

We will continue to carry the public broadcast stations, WGTE-TV 30, and WBGU-TV 27, under provisions of the Cable Act.

Compliance with the retransmission-consent portion of the law will render it prohibitively expensive and operationally complicated to continue to carry the FM stations on the A cable. Thus, effective Oct. 6, we no longer will provide this service. We regret that we must take this step.

Explanatory Notes

¹ The additional outlet charge has been a part of our fee structure since the founding of this company in 1966. We believe it has been fairly priced, and increases have not even kept pace with inflation. However, under the new FCC rules, it is not permissible to continue charging the additional outlet fee. Part of the cost of maintaining the system had been covered by the revenue generated by the additional outlet fee.

² In order to comply with the guidelines established by the FCC, we have moved two channels from the Satellite Services to be included in the CATV Basic and have reduced the price for CATV Basic from \$11.95 to \$9.78, while making it possible to order premium services and Pay-Per-View events. The channels are Impulse Marquee and Prevue Guide (on Chs. 14A and B respectively, on cable-ready TV sets only).

³ The franchise fee (the amount we pay for the use of public rights-of-way for our cables) is not new and does not add to your total bill. It formerly had been included as part of your basic service, but now is listed separately. Before, the statement showed level of service, premium channels, remote function, and any Impulse ® Entertainment items purchased. The FCC now requests us also to itemize equipment rental, sales tax, and franchise fees (three per cent of CATV Basic and Satellite Services and additional outlets, and two per cent of premium service charges). That's why you see more lines and figures on your statement.

⁴ The home wiring maintenance fee had been included in the monthly charge for service, either CATV Basic or the Standard Satellite Service, and provided us the resources to make no-charge service calls whenever you called. Now that we must itemize all charges, this will appear as a separate fee on your statement. If you pay the home wiring maintenance fee, we will continue to make service calls at no charge. If you do not wish to pay the monthly maintenance fee, call and we will remove it from your statement. However, if you choose to cancel this service, each repair call to your home will cost \$25, unless the problem is due to wiring outside the home or to any of our electronic equipment.

⁵ The 22-channel Satellite Services has gone from \$9 to \$10.76 per month, meaning that the total monthly charge for the full 42-channel CATV Basic and Satellite Services (including local franchise fee of 62 cents and home wiring maintenance fee of 31 cents) has gone from \$20.95 to \$21.47. That 52-cent increase is brought about by the government-mandated restructuring of charges and offerings under the guidelines established nationally. You, our customers, have been enjoying lower than standard rates, but these now must be increased while other charges are reduced to bring our total fee structure in line with Washington's demands and to offset revenue being lost by the reduction in charges for additional outlets.

We have exercised responsible restraint in setting our fees in the past, but now must yield to the mandates of the Cable Act. While you may have heard reports in the media about rate rollbacks averaging 10 per cent and more, those reports were misleading in that they

failed to point out that not ALL customers would see a rate reduction -- only those who are customers of companies which have been charging more than Congress thought reasonable.

⁶ Another major change has to do with equipment charges. Since we introduced our addressable Tocom converters in 1987 (a technological advancement available today to only about 40 per cent of the cable customers nationwide), we have charged nothing for the first converter, but have charged \$3 per month for the remote-control *SERVICE*. Under the law, the FCC says we cannot sell this as a service, but must charge equipment rental fees based upon the cost of that equipment. Thus, the monthly rental for the converter under the FCC guidelines is \$2.54, and the monthly rental for the remote-control unit is 29 cents, bringing the total monthly rental to \$2.83.

⁷ Since the charge now must be considered an equipment rental, as mandated by the FCC, Ohio requires that we collect and send to Columbus sales tax on that rental -- tax that was not required when we were offering the remote function as a service. Thus, the total charge is \$3.01 (\$2.83 plus 18 cents sales tax [in Lucas County] per month) for a converter and remote control. We regret that the legislation caused this charge to increase, but please realize that we do not benefit from this increase. We are powerless to do anything but collect the tax and pass it on to Columbus.

⁸ Customers who have only the converter with no remote function, which had been free, now must pay \$2.54 plus 16 cents sales tax, for a total of \$2.70 per month. The reason is that the remote-service charge (explained above) in part covered the cost of the converter, and since the vast majority of customers with converters also took the remote, it was not necessary to charge the few who did not. Since we had to initiate a separate converter rental charge for those with remote controls, that charge, under the law, must apply to all customers with converters. Under the new rules, we are not permitted to waive a fee for one group of customers if we charge another for the same equipment or service.

⁹ Premium services duplicated on converters on additional outlets, which had been included with the converter fee, will be charged separately at \$4.95 per month per additional converter.

Another change on your statement is the address of the office of cable affairs where you may direct complaints about cable service in the franchise in which you live. The address block also contains the identifying number given to the franchise area by the FCC.

In order to help you understand the changes in your statement, we have produced an informational video which is shown on the hour and half hour 24 hours each day on the Impulse Marquee, 1A converter, 14A non-converter.